

EXHIBIT 165

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED: SEPTEMBER 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE TRANSITION PERIOD FROM ____ TO ____
COMMISSION FILE NUMBER: 001-16109**

CORECIVIC, INC.

(Exact name of registrant as specified in its charter)

MARYLAND
(State or other jurisdiction of
incorporation or organization)

**5501 VIRGINIA WAY
BRENTWOOD, TENNESSEE**
(Address of principal executive offices)

62-1763875
(I.R.S. Employer
Identification Number)

37027
(Zip Code)

(615) 263-3000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CXW	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each class of Common Stock as of October 30, 2020:

Shares of Common Stock, \$0.01 par value per share: 119,634,216 shares outstanding.

Financing Leasing Transactions

On January 24, 2018, CoreCivic entered into a 20-year lease agreement with the Kansas Department of Corrections ("KDOC") for a 2,432-bed correctional facility to be constructed by the Company in Lansing, Kansas. The new facility replaces the Lansing Correctional Facility, Kansas' largest correctional complex for adult male inmates, originally constructed in 1863. CoreCivic is responsible for facility maintenance throughout the 20-year term of the lease, at which time ownership will revert to the state of Kansas. Construction of the facility commenced in the first quarter of 2018, and construction was completed in January 2020, at which time the lease commenced. CoreCivic accounts for the lease with the KDOC partially as a financing receivable under ASU 2016-02, "Leases (Topic 842)", with the remaining portion of the lease payments attributable to maintenance services and capital expenditures as revenue streams under ASC 606, "Revenue from Contracts with Customers". As of September 30, 2020, the financing receivable was \$149.7 million recognized in Other Assets on the consolidated balance sheet. Prior to commencement of the lease, the costs incurred to construct the facility were reflected as a construction receivable and, as of December 31, 2019, \$137.7 million was recognized in Other Assets on the consolidated balance sheet. The cash payments associated with the construction of the project were reported as expenditures for facility development and expansions on the consolidated statements of cash flows.

Operating Leasing Transactions

In September 2020, the term of the amended inter-governmental service agreement ("IGSA") between the city of Dilley, Texas and U.S. Immigration and Customs Enforcement ("ICE") to care for up to 2,400 individuals at the South Texas Family Residential Center, a facility the Company leases in Dilley, Texas, was extended from September 2021 to September 2026. ICE's termination rights, which permit ICE to terminate the agreement for convenience or non-appropriation of funds, without penalty, by providing the Company with at least a 60-day notice, were unchanged under the extension. Concurrent with the extension of the amended IGSA, the lease with the third-party lessor for the site was also extended through September 2026. Other terms of the extended lease agreement were unchanged and provide the Company with the ability to terminate the lease if ICE terminates the amended IGSA associated with the facility. As a result of the lease modification, the Company re-measured the lease liability at the effective date of the modification, and recognized a corresponding adjustment to increase the right-of-use asset amounting to \$116.0 million.

Idle Facilities

As of September 30, 2020, CoreCivic had five idled correctional facilities in the CoreCivic Safety segment that are currently available and being actively marketed as solutions to meet the needs of potential customers. The following table summarizes each of the idled facilities and their respective carrying values, excluding equipment and other assets that could generally be transferred and used at other facilities CoreCivic owns without significant cost (dollars in thousands):

Facility	Design Capacity	Date Idled	Net Carrying Values	
			September 30, 2020	December 31, 2019
Prairie Correctional Facility	1,600	2010	\$ 14,277	\$ 14,863
Huerfano County Correctional Center	752	2010	16,062	16,266
Diamondback Correctional Facility	2,160	2010	38,421	39,729
Marion Adjustment Center	826	2013	11,148	11,351
Kit Carson Correctional Center	1,488	2016	52,712	54,041
	<u>6,826</u>		<u>\$ 132,620</u>	<u>\$ 136,250</u>

As of September 30, 2020, CoreCivic also had one idled non-core facility in its Safety segment containing 240 beds with a total net book value of \$3.1 million; four facilities in its Community segment, including three that became idle during 2020, containing an aggregate of 939 beds with a total net book value of \$13.7 million; and three previously leased residential reentry centers in its Properties segment, containing an aggregate of 430 beds with a total net book value of \$9.2 million.

CoreCivic incurred approximately \$2.1 million and \$1.9 million in operating expenses at these idled facilities for the period they were idle during the three months ended September 30, 2020 and 2019, respectively. CoreCivic incurred approximately \$6.1 million and \$5.4 million in operating expenses at these idled facilities for the period they were idle during the nine months ended September 30, 2020 and 2019, respectively.

On April 15, 2020, CoreCivic sold an idled facility in its Community segment, containing 92 beds, for a gross sales price of \$1.6 million. In anticipation of the sale, CoreCivic reported an impairment charge of \$0.5 million in the first quarter of 2020 based on the realizable value resulting from the sale. On May 26, 2020, CoreCivic sold an idled non-core facility in its Safety segment, containing 200 beds with a net book value of \$0.5 million, for net proceeds of \$3.3 million. The gain on the sale of \$2.8 million was recognized in the second quarter of 2020 and reflected in other income on the consolidated statement of operations.

On September 15, 2020, CoreCivic announced that it had entered into a new contract under an IGSA between the city of Cushing, Oklahoma and the U.S. Marshals Service to utilize the Company's 1,692-bed Cimarron Correctional Facility in the CoreCivic Safety segment. The Company had previously announced its intention to idle the Cimarron facility during the third quarter of 2020, predominately due to a lower number of inmate populations from the state of Oklahoma resulting from COVID-19, combined with the consequential impact of COVID-19 on the State's budget. The new management contract commenced on September 15, 2020, and has an initial term of three years, with unlimited 24-month extension options thereafter upon mutual agreement. As of September 30, 2020, the net book value of the Cimarron facility was \$73.3 million.

Also as a result of the lower resident populations from the state of Oklahoma and the impact of COVID-19, CoreCivic Community transferred the remaining resident populations at its 390-bed Tulsa Transitional Center to Oklahoma's system, idling the Tulsa facility during the third quarter of 2020. Closure of the Tulsa facility followed the closure of the 200-bed Oklahoma City Transitional Center during the second quarter of 2020, and the 289-bed Turley Residential Center in Oklahoma in 2019. During the fourth quarter of 2020, the Federal Bureau of Prisons ("BOP") awarded a new contract to CoreCivic for residential reentry and home confinement services pursuant to a solicitation for capacity and services to be provided in the state of Oklahoma. As a result, CoreCivic expects to reactivate the Turley Residential Center during the first quarter of 2021, and provide the BOP additional reentry services at its owned and operated Oklahoma Reentry Opportunity Center (formerly known as the Carver Transitional Center) in Oklahoma which will supplement the existing utilization by the state of Oklahoma.

CoreCivic considers the cancellation of a contract or an expiration and non-renewal of a lease agreement in its CoreCivic Properties segment as an indicator of impairment, and tested each of the idled properties for impairment when it was notified by the respective customers or tenants that they would no longer be utilizing such property. CoreCivic evaluates on a quarterly basis market developments for the potential utilization of each of these properties in order to identify events that may cause CoreCivic to reconsider its most recent assumptions, such as the agreement to sell a property at less than its carrying value. As a result of CoreCivic's analyses, in the second quarter of 2020, CoreCivic reported an impairment charge of \$9.8 million on one of the residential reentry facilities in Oklahoma, based on its anticipated use as a commercial real estate property rather than a reentry facility. The fair value measurement for the Oklahoma residential reentry facility was estimated using unobservable Level 3 inputs, as defined in ASC 820, using market comparable data for similar properties in the local market.

5. DEBT

Debt outstanding as of September 30, 2020 and December 31, 2019 consisted of the following (in thousands):

	September 30, 2020	December 31, 2019
Revolving Credit Facility maturing April 2023. Interest payable periodically at variable interest rates. The weighted average rate at September 30, 2020 and December 31, 2019 was 1.7% and 3.3%, respectively.	\$ 456,000	\$ 365,000
Term Loan A maturing April 2023. Interest payable periodically at variable interest rates. The rate at September 30, 2020 and December 31, 2019 was 1.6% and 3.3%, respectively. Unamortized debt issuance costs amounted to \$0.1 million at both September 30, 2020 and December 31, 2019.	182,500	190,000
Term Loan B maturing December 2024. Interest payable periodically at variable interest rates. The rate at September 30, 2020 and December 31, 2019 was 5.5% and 6.3%, respectively. Unamortized debt issuance costs amounted to \$4.3 million and \$4.6 million at September 30, 2020 and December 31, 2019, respectively.	240,625	250,000
4.625% Senior Notes maturing May 2023. Unamortized debt issuance costs amounted to \$1.6 million and \$2.1 million at September 30, 2020 and December 31, 2019, respectively.	350,000	350,000
5.0% Senior Notes maturing October 2022. Unamortized debt issuance costs amounted to \$1.0 million and \$1.3 million at September 30, 2020 and December 31, 2019, respectively.	250,000	250,000
4.75% Senior Notes maturing October 2027. Unamortized debt issuance costs amounted to \$2.8 million and \$3.1 million at September 30, 2020 and December 31, 2019, respectively.	250,000	250,000
4.5% Capital Commerce Center Non-Recourse Mortgage Note maturing January 2033. Unamortized debt issuance costs amounted to \$0.3 million at both September 30, 2020 and December 31, 2019.	21,258	22,209
4.43% Lansing Correctional Center Non-Recourse Mortgage Note maturing January 2040. Unamortized debt issuance costs amounted to \$3.2 million and \$3.3 million at September 30, 2020 and December 31, 2019, respectively.	158,570	159,522
4.5% SSA-Baltimore Non-Recourse Mortgage Note maturing February 2034. Unamortized debt issuance costs amounted to \$0.2 million at both September 30, 2020 and December 31, 2019.	145,915	150,134
4.91% Government Real Estate Solutions Non-Recourse Mortgage Note maturing November 2025.	51,545	—
Total debt	2,106,413	1,986,865
Unamortized debt issuance costs	(13,452)	(14,993)
Unamortized original issue discount	(10,625)	(12,500)
Current portion of long-term debt	(38,644)	(31,349)
Long-term debt, net	\$ 2,043,692	\$ 1,928,023

Revolving Credit Facility. On April 17, 2018, CoreCivic entered into the Second Amended and Restated Credit Agreement (referred to herein as the "Bank Credit Agreement") in an aggregate principal amount of up to \$1.0 billion. The Bank Credit Agreement provides for a term loan of \$200.0 million (the "Term Loan A") and a revolving credit facility in an aggregate principal amount of up to \$800.0 million (the "Revolving Credit Facility"). The Bank Credit Agreement has a maturity of April 2023. The Bank Credit Agreement also contains an "accordion" feature that provides for uncommitted incremental extensions of credit in the form of increases in the revolving commitments or incremental term loans of up to \$350.0 million. At CoreCivic's option, interest on outstanding borrowings under the Revolving Credit Facility is based on either a base rate plus a margin ranging from 0.00% to 1.00% or at the London Interbank Offered Rate ("LIBOR") plus a margin ranging from 1.00% to 2.00% based on CoreCivic's then-current leverage ratio. The Revolving Credit Facility includes a \$30.0 million sublimit for swing line loans that enables CoreCivic to borrow at the base rate from the Administrative Agent on same-day notice.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORECIVIC, INC.

Date: November 5, 2020

/s/ Damon T. Hininger

Damon T. Hininger

President and Chief Executive Officer

/s/ David M. Garfinkle

David M. Garfinkle

Executive Vice President, Chief Financial Officer, and
Principal Accounting Officer